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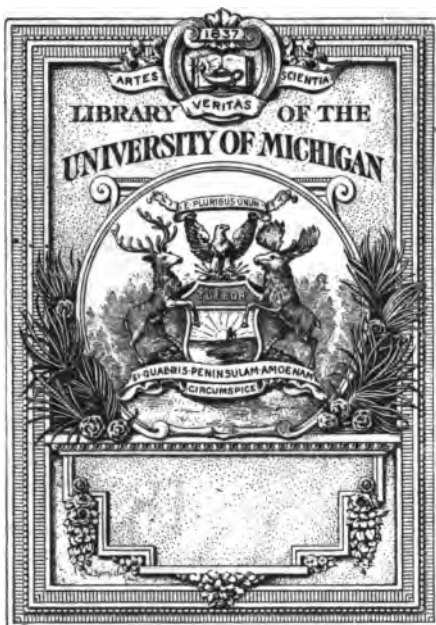
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VOL. XXXVII.

HOTEL ACCOUNTS

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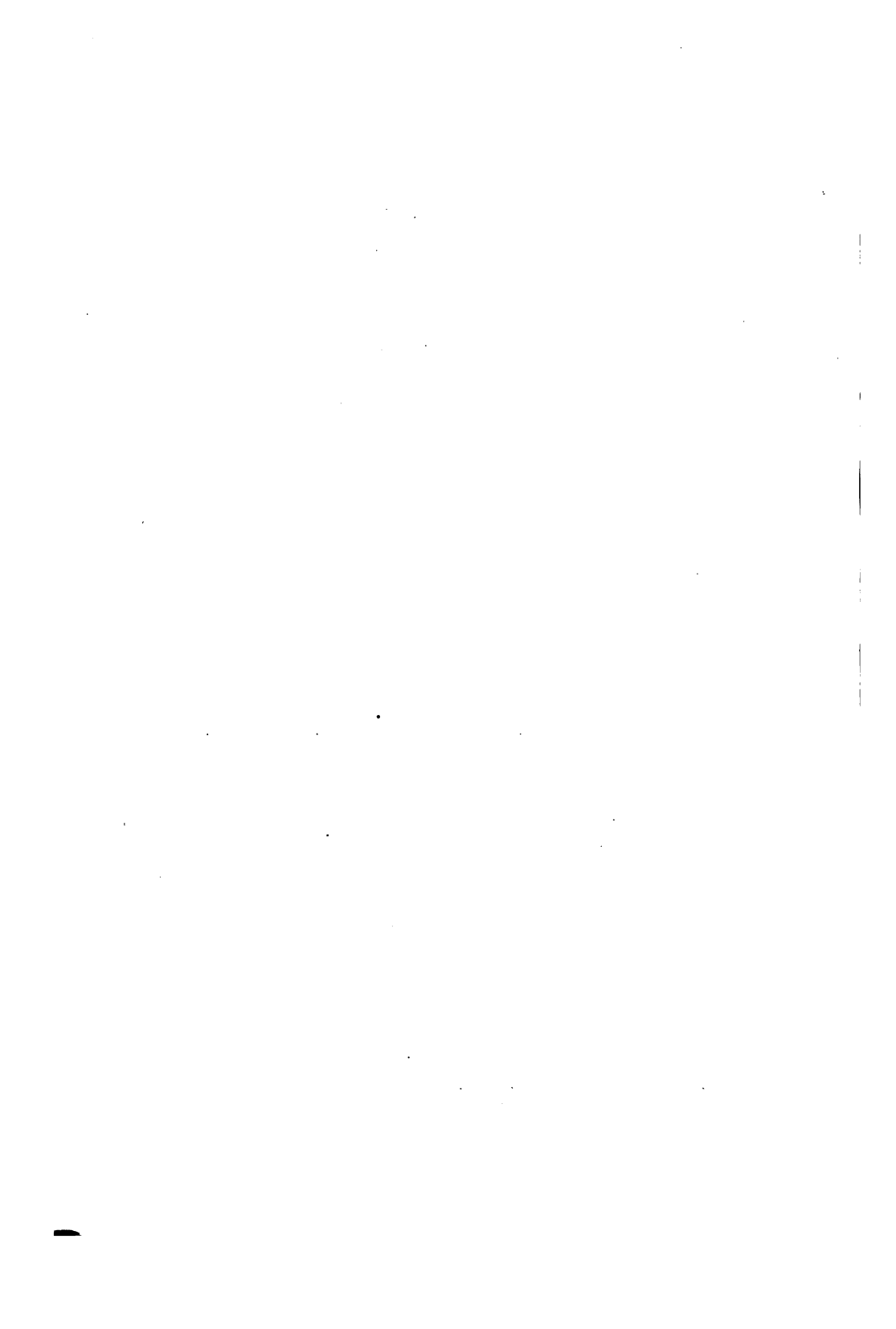
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(Professor of Accounting at the University of Birmingham.)

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EDITOR'S PREFACE.

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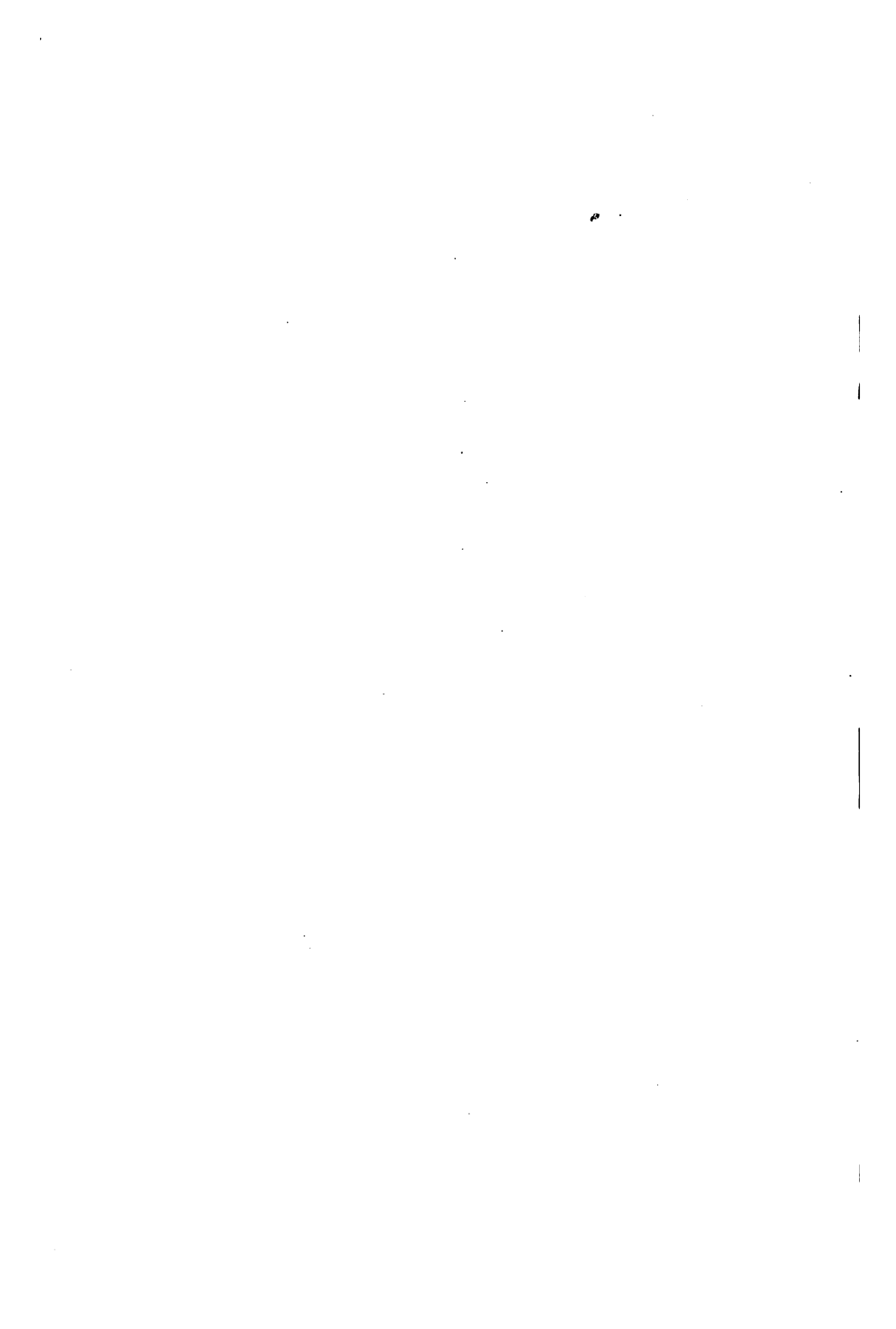
of the theory of double-entry as described in general works on bookkeeping.

The first series (of twenty volumes) has already been completed, and particulars of the subjects dealt with will be found on p. i. A second series (which will comprise about thirty more volumes) is now in progress, which when issued will complete the scheme. Many of these have already been arranged for, but the Editor will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

34 Moorgate Street,

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June 1903.



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HOTEL ACCOUNTS.

CHAPTER I.

INTRODUCTION.

IN dealing with the subject of Hotel Accounts in a work of the size of the present volume, it is inevitable, if the accompanying descriptions are to be sufficiently defined to be of practical value, that an hotel of more or less definite size should be assumed. Stated shortly, the two chief aims of every system of Hotel Accounts are to secure (1) promptness of record, (2) the detection of leakages and extravagances. In connection with both of these objects, and more especially with regard to the latter, it must be obvious that the most suitable means to be employed must depend very largely upon the size of the staff, and it thus follows that a system suitable to a large hotel would be found so cumbrous as to be entirely unworkable in one of medium size; while, again, in a small hotel the system of internal check would have to be still further abandoned, if for no other reason on account of the futility of expecting any member of the staff to keep any effective check upon himself or herself. It is thought, however, that the present work will be more useful if, instead of merely indicating general principles, the case be assumed of an hotel of reasonable size (say 30 to 40 bed-rooms), and a system entirely adequate to the

needs of such an undertaking be described in detail. Those desirous of applying the system to quite small hotels will then, doubtless, experience but little difficulty in making the necessary simplifications and condensations; those desirous of applying it to larger hotels will have to bear in mind that while, on the one hand, it no longer becomes possible for the manager to retain such a detailed control of every department as is hereafter indicated, the increased size of the undertaking would, no doubt, justify the cost of a sufficient number of assistant-managers, who could be relied upon for departmental detail, and would each, of course, be severally responsible to the general manager for their own branch. Another reason for the selection of an hotel of medium size has been that these undoubtedly constitute a very considerable majority of such undertakings. Of late years there has, of course, been a considerable increase in the number of first-class hotels; but—so far, at least, as the provinces are concerned—many of these only accommodate a limited number of visitors, and therefore come well within the scheme that is here described. With the larger kind of medium-sized hotels some members of the staff here indicated would have to be duplicated, while in smaller undertakings the duties of two may sometimes have to be combined. The former course will present no difficulty whatever in practice; but with regard to the latter, it is, of course, important that great care should be taken to see that no part of the system of internal check is destroyed by the removal of one of the “links.”

CHAPTER II.

PRELIMINARY RECORDS.

BEFORE dealing with the actual books of account, it is perhaps desirable to indicate a few of the more important statistical books, some of which lead up to the actual bookkeeping entries.

Arrivals.—

On a visitor arriving at an hotel, apartments are allocated to him by the manager, or clerk in charge of the office, and at the same time terms are arranged, either by special agreement or by general implication. In the absence of any special agreement the visitor becomes chargeable at the ordinary tariff rates; but if a special arrangement is made on arrival most hotels will place their visitor upon "board terms." Every hotel will require to keep a "TERMS BOOK," ruled as shown in the accompanying Form 1. In this book is kept a record of the name and address of every visitor, entered at the time of his arrival, of the numbers of the rooms allocated to him, and of the terms with which he is chargeable. As a rule, these terms are sufficiently indicated by the letter "B." (signifying "board terms") or "T." (signifying "tariff terms"), but in special cases further particulars should be entered at the time, so as to provide a definite and reliable basis for subsequent charges.

Arrivals Book.—

This is a book which visitors are required to sign on arrival. It generally provides space for the visitor's name, address, and the number of his room, the date being written at the head of the page. In small hotels the ARRIVALS BOOK and the TERMS BOOK are combined.

Form 2.—

APARTMENTS BOOK.

(Date)

1	82
2	88
3	84
4	85
5	86
6	87
7	88
8	89
9	40
10	41
11	42
12	43
13	44
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30	61
31	62

Special Charges.—

In addition to the regular charge for apartments, additional charges are frequently made for baths, fires, dogs, &c., and it is the duty of the chambermaid to see that proper "checks" for each of these charges are handed in to the office as soon as may be after the service as been rendered.

Visitors' Departure.—

A systematic and smoothly working means of dealing with the departure of visitors is most important to ensure (1) that bills are presented promptly on demand, and (2) that no visitor's luggage is removed until his bill has been paid. In very large hotels special precautions have to be taken to ensure against loss through visitors departing without paying their bills, but in the case of hotels of the size here described no very elaborate scheme is necessary. The request for a bill is usually made either to the hall porter or to the head waiter. Each of these should be provided with a "Bill Required Check Book," printed upon distinctively coloured paper, and provided with a carbon sheet, which enables a facsimile duplicate to be retained. This form is so arranged that only the date and the visitor's number have to be inserted. It can thus be filled up without any delay, and is at once despatched to the office. The book-keeper, having noted the visitor's name or number, at once proceeds to complete the bill, in the meantime, however, making the following "Departure Checks":—(1) To the chambermaid, that luggage may be expected to be removed from rooms Nos. —; and (2) to the "boots," that he will be required to remove the luggage from rooms Nos. —. Before actually proceeding to the rooms, the boots should on his way pass by the office, and obtain from the bookkeeper the Departure Check, which is his authority for removing the luggage from the hotel. A good form of check is the following:—

HOTEL ACCOUNTS.

Form 3.— DEPARTURE CHECK.

<p>ooo</p> <p>Date.....</p>	<p>ooo</p> <p>EMPIRE HOTEL.</p> <p>_____</p> <p>To HOUSEMAID on.....Floor.</p>	<p>ooo</p> <p>EMPIRE HOTEL.</p> <p>_____</p> <p>To BOOTS.</p>
<p>Visitor's No.</p>	<p>_____</p>	<p>Proceed to Room No.....to remove Visitor's luggage.</p>
<p>Signature.....</p>	<p>.....</p>	<p>.....</p>

Many hotels make it a custom to place their distinctive label on all luggage that goes out. This label must, of course, never be affixed until the Departure Check has been issued; its use materially simplifies the duties of the hall porter, who is responsible for loss arising through visitors taking away their luggage without first paying their bill. As the bill of a departing visitor is paid, the bookkeeper (or cashier) at once advises the hall porter, who then allows the boots to take that visitor's luggage off the premises, receiving from the boots the Departure Check.

In quite small hotels, where the manager is personally acquainted with all the visitors, most (or all) of these precautions might be safely omitted; but in medium-sized hotels—particularly where the visitors are frequently changing—they will be found of great value, while in no way delaying the work.

Left Luggage.—

Luggage left behind by visitors, either accidentally or by arrangement, should be at once recorded in a "Left Luggage Book," and placed in the charge of the manager. The same remark applies to articles found on the premises, and to property of value which has been specially left with the manager for safe custody. A full record should be kept of each of these items; and no article must, of course, be parted with, save in exchange for an acknowledgment signed by the owner.

CHAPTER III.

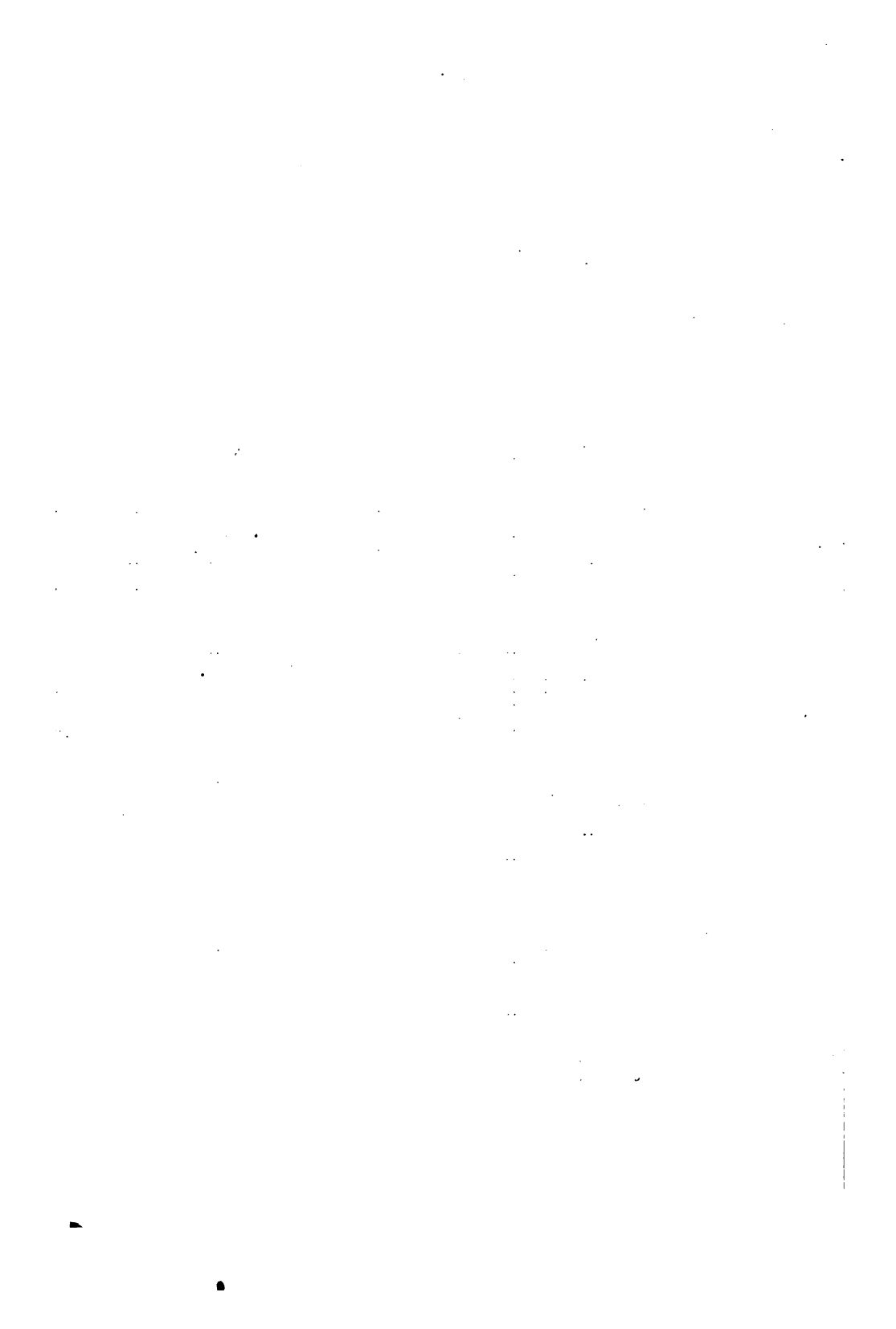
OFFICE.

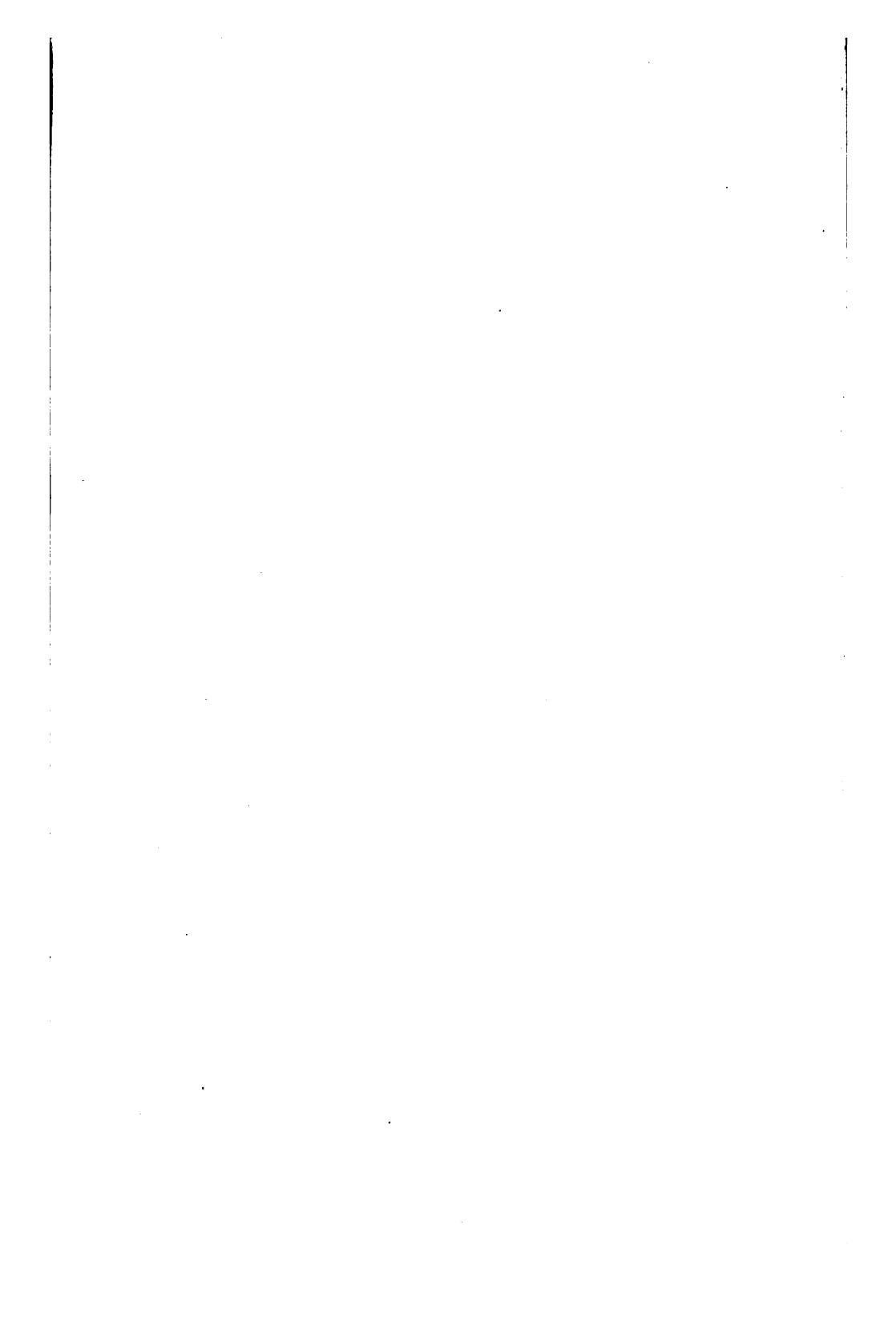
THE books relating to, and leading up to, the Visitors' Ledger are generally kept in the office, which not infrequently combines the functions of a bar. In consequence, when—owing to the smallness of the undertaking—it becomes necessary to combine the duties of bookkeeper and barmaid, it is important that the manager should make it his business to very carefully supervise the bookkeeper's work in detail, as otherwise there is considerable scope for irregularity. In such small businesses, however, this will not generally throw too onerous a duty upon the manager.

Owing to the paramount necessity of so arranging the books that the account of any visitor may—if need be—be prepared up to date, and rendered in a few minutes, the ordinary book-keeping methods are obviously inapplicable. That is to say, if all charges were to be first entered up in some sort of Day Book (or other book of first entry), and afterwards posted into the Ledger at leisure, whenever it became necessary to ascertain the position of any individual account up to date it would be found that the posting of the Ledger was, at all events, some hours—if not days—behind. The particular account required would therefore have to be specially posted up in a hurry, and the bill rendered without any opportunity being afforded of testing its clerical accuracy. Such a system would naturally lend itself to either overcharges or omissions, each of which is almost equally undesirable.

1000







Visitors' Ledger.—

The "tabular" form of Ledger is so very generally employed in connection with hotels that it is probably unnecessary to explain it in detail. Form 4 may be taken as the normal ruling, although, of course, the particulars of the charges vary very greatly according to circumstances, and save in the case of quite large concerns it is a question whether such a large number of separate headings is altogether necessary. At the same time, it may be pointed out that the less detail there is comprised in the Visitors' Ledger, the more important becomes the "Rough Day Book," about to be explained; and as, in the interests of accurate bookkeeping, it seems desirable to minimise the importance of the Rough Day Book as far as possible, the balance of advantage is perhaps in favour of the somewhat detailed analysis in the Visitors' Ledger.

It will be seen that in Form 4 columns are provided for the record of 30 visitors' accounts upon a single opening, and this is about the maximum number that can be included upon a folio of convenient size. Upon days when not more than (say) 30 separate parties of visitors are staying in the hotel, a folio of the Visitors' Ledger will comprise the whole of the transactions for a day; and this, it need hardly be pointed out, to a great extent simplifies the record. If necessary, however, two or more pages can be easily allocated to one day's record; but the cross-total for the day thus becomes somewhat awkward, as it becomes necessary to "carry forward" the figures in the right-hand column from folio to folio in order to arrive at a daily total. In the case of large hotels, therefore, where it is the rule rather than the exception for two or more folios to be necessary for a day's record, it is desirable that there should be three columns upon the extreme right—the first for the cross-total of the folio, the second for the total brought forward from the previous folio, and the third for the totals to be carried forward to the subsequent folio.

Whichever method be adopted it is thought desirable that these totals, showing in full detail the various charges debited to visitors, should in all cases be posted daily into the "Summary of Takings Book," the ruling for which is shown on Form 5. From a bookkeeping point of view there would, of course, be no difficulty in carrying forward these totals from page to page till the end of a week, or the end of a month, and then posting them in lump sums to the credit of corresponding accounts in the Nominal Ledger; in practice, however, there are two objections to this plan. In the first place, cross-totals which have to be carried forward for an extended period very soon reach unwieldy figures, and are extremely difficult to compute accurately: consequently it is a great convenience to have the daily record of business done in a separate book. Secondly, if this last-named book be of portable dimensions, it can be taken out of the office, either for the perusal of the manager or of the board of directors, without interfering with the continuity of the bookkeeping. In view of the fact that most hotels change hands at a price based upon the amount of business transacted, it is clear that a separate book, such as that shown in Form 5, is particularly desirable, apart from the practical conveniences which it affords.

It has already been explained (*vide* p. 3) that the charges in respect of Apartments and Special Services are derived from the Terms Book, verified by the Apartments Book, and from the chambermaid's checks. Meals separately chargeable, and liquors of all kinds, are charged up from waiters' checks (*vide* p. 23). It is usually thought preferable to make it a rule that all liquors served other than in the coffee room must be paid for in cash; and, if so, the record in the Visitors' Ledger is to a corresponding extent simplified; but if visitors be allowed to "book" liquors supplied to them in smoking rooms, billiard rooms, &c., then the waiters in those rooms must also be supplied with checks, that the Office may be kept advised

Form 5.—

SUMMARY OF TAKINGS BOOK,*

Date	Board	Chance Meals	Wines	Spirits	Beers	Minerals
1904 Jan. 1	£ s d 18 10 3	£ s d 0 11 6	£ s d 1 13 10	£ s d 0 12 0	£ s d 0 3 0	£ s d 0 3 3
2	18 15 6	0 10 6	1 11 9	0 6 8	0 4 0	0 3 6
3	18 15 6	1 18 6	2 14 0	0 1 0	0 3 2	0 1 6
4	18 16 0	1 4 6	1 19 8	0 4 0	0 3 10	0 1 9
5	18 16 0	0 13 0	1 19 2	0 5 10	0 4 6	0 3 10
6	17 6 2	0 0 6	1 2 9	0 16 0	0 3 0	0 1 0
7	18 1 2	0 7 0	1 13 7	0 3 0	0 2 8	0 3 2
	£129 0 7	£5 5 6	£12 14 9	£2 8 6	£1 4 2	£0 18 0
8	17 13 8	0 12 1	1 3 0	0 4 10	0 3 6	0 4 2
9	18 0 8	1 6 0	2 9 5	0 6 4	0 2 6	0 3 10
10	17 13 8	1 3 5	0 15 0	0 7 4	0 3 2	0 1 9
11	17 18 2	0 9 6	1 2 6	0 15 8	0 3 10	0 4 6
12	17 9 2	1 8 6	1 3 6	0 1 6	0 3 0	0 6 5
13	17 0 2	0 19 0	1 14 10	0 2 0	0 2 4	0 3 2
14	17 7 9	0 5 6	1 2 1	0 16 6	0 3 8	0 3 0
	£123 3 3	£6 4 0	£9 10 4	£2 14 2	£1 2 0	£1 6 10
15	16 1 11	0 3 6	0 7 6	0 0 6	0 2 8	0 3 6
16	15 9 11	1 4 6	2 12 9	0 5 6	0 3 2	0 2 3
17	15 9 11	0 11 0	0 15 0	0 0 6	0 2 0	0 3 2
18	15 3 1	0 11 6	0 12 0	0 10 0	0 4 0	0 2 6
19	15 7 5	0 2 0	1 3 3	0 9 6	0 3 2	0 2 10
20	15 7 5	0 15 0	0 13 3	0 8 6	0 1 10	0 2 10
21	14 3 5	0 4 6	0 15 0	0 9 6	0 4 6	0 2 0
	£107 3 1	£3 12 0	£6 18 9	£2 4 0	£1 1 4	£0 19 1
22	14 15 5	0 10 4	0 17 6	0 5 0	0 2 0	0 2 4
23	15 6 5	0 16 6	6 19 11	0 11 6	0 0 8	0 3 6
24	14 16 5	0 7 2	0 6 3	0 5 6	0 2 8	..
25	12 13 11	1 19 10	0 12 0	0 1 0	0 2 4	0 1 10
26	13 10 11	..	1 1 9	0 5 0	0 3 0	..
27	13 0 1	0 2 0	1 6 10	0 11 0	0 1 10	0 0 6
28	11 19 1	0 0 6	0 18 9	0 1 0	0 1 6	0 2 0
	£96 2 3	£3 16 4	£12 3 0	£2 0 0	£0 14 0	£0 10 2

* The columns should be headed in accordance with the division of Nominal Accounts in the Visitors' Ledger, but probably in a somewhat summarised form.

HOTEL ACCOUNTS.

15

from 1st January 1904 to 28th January 1904.

Cigars	Attendance	Washing	Billiards	Paid Out	Coals and Sundries	Personal Accounts	Total
£ s d 0 8 3 0 4 0 0 3 6 0 6 0 0 10 4 0 4 11 0 5 5	£ s d 0 6 0 0 1 0 0 9 0 0 1 0 0 7 0 0 11 0 0 1 0	£ s d 1 15 3 2 8 5 0 3 0 ..	£ s d 0 2 9 0 2 6 0 5 6 0 2 0 ..	£ s d 0 0 6 .. 0 1 2 .. 0 1 9 .. 0 0 9	£ s d 0 2 11 0 0 6 0 3 6 .. 0 5 6 0 3 5 ..	£ s d 6 5 8 1 0 6	£ s d 24 9 6 21 19 11 24 16 4 0 0 9 25 15 4 20 19 5 21 18 3
£2 2 5	£1 16 0	£4 6 8	£0 12 9	£0 4 2	£0 15 10	£7 6 3	£139 19 6
0 5 6 0 5 0 0 11 0 .. 0 8 6 .. 0 3 6	c 3 0 0 5 0 0 5 0 0 2 0 0 6 0 0 9 0 0 7 0	.. .. 2 9 11 0 2 9 ..	.. 0 1 6 0 4 0	0 0 6 0 2 3 0 4 2 .. 0 3 6 0 10 10 2 11 4	0 5 10 .. 1 0 6 0 3 0 0 4 4 0 0 8 0 0 10	.. .. .. .. 0 8 6	20 16 1 25 1 0 22 1 1 23 18 7 21 14 5 21 13 3 22 1 2
£1 13 6	£1 17 0	£2 12 8	£0 5 6	£3 12 7	£1 15 2	£0 8 6	£157 5 7
0 5 0 0 2 5 0 2 6	.. .. .. 0 1 0 0 6 0 0 1 0 0 1 0	.. 0 2 4 0 5 2 ..	0 5 0 0 1 0	0 3 9 0 0 7 0 1 2 0 0 4 0 0 6	0 0 4 0 0 3 0 0 4 0 1 3 0 0 2 .. ..	.. .. .. .. .. .. ..	17 13 8 20 1 3 17 3 1 17 9 1 17 14 10 17 15 0 16 2 5
£0 9 11	£0 9 0	£0 7 6	£0 6 0	£0 6 4	£0 2 4	..	£123 19 4
0 3 0 0 2 0 .. 0 2 6 0 4 0 .. 0 2 0	0 2 0 0 3 0 0 2 0 0 2 0 ..	.. .. .. .. .. ..	.. .. 0 2 0 0 1 0	0 2 6 0 0 3 0 0 8 ..	.. 0 0 6 0 2 5 ..	.. .. .. .. .. ..	17 0 1 24 4 3 15 18 0 15 15 5 15 7 9 15 4 3 13 5 10
£0 13 6	£0 7 0	..	£0 3 0	£0 3 5	£0 2 11	..	£116 15 7

of the proper debits to make. In the same way charges for the use of Billiard Tables are usually payable in cash ; but, if desired, they can be easily booked up by providing the billiard-marker with a Check Book. Upon the whole, perhaps this latter practice, if invariably adhered to, is likely to result in an increased revenue.

The items "Paid Out," "Postage," and "Washing," represent moneys disbursed on behalf of visitors by the hotel, the actual entries being in all cases obtained from the Petty Cash Book (*vide* p. 35) ; while the last item on the debit side, "Meals in Room," represents special charges for meals served out of the coffee room, particulars of which would be supplied by the head waiter, without whose authority such meals could not be served. In some hotels meals served out of the public rooms are charged for specially *as* meals, without any corresponding reduction being made from "boarding terms" ; but in other cases the "boarding terms" cover the charge for the meal, and the debit under this heading represents a special charge for extra attendance only.

With regard to the credits, the first item "Overcharge" needs no explanation. Under normal circumstances no necessity, of course, ought to arise for the allowance of overcharges ; but in order to save alterations in the books provision must, of course, be made for exceptional cases. The amount involved ought, however, to be quite trifling, hence the necessity does not arise to dissect overcharges so as to debit the corresponding nominal accounts.

The Cash Received is posted from the Cash Received Book (*vide* p. 26), while the line "Personal Accounts" enables accounts which are not likely to be paid in the course of the next few days to be transferred to the "Personal Ledger" (*vide* p. 25).

It is, perhaps, unnecessary to add that, however large the hotel may be, and however many folios of the Visitors' Ledger may be necessary to record the charges for a single day, each separate folio can (and must) be regularly balanced off separately. The cross-addition of the totals of the various columns must in all cases agree exactly with the total of the Total column; and at the end of each week at least the total balance carried forward (as shown in the Total column) must be agreed with the balance of the "Visitors' Ledger Account" in the Nominal Ledger. This last-named account is a record, in total, of the whole of the Visitors' Ledger, and is what is known to accountants as an "Adjustment Account."

Although visitors' accounts are not, as a rule, rendered more frequently than once a week, they should in all cases be kept written up, and agreed with the Visitors' Ledger, at least once every day. In a large undertaking it is convenient that they should be written up twice daily—namely, after breakfast and before dinner, those being the times when bills are most likely to be called for in a hurry. The details in the bill should correspond exactly with the various items of debit in the Visitors' Ledger. A very common form of bill is shown in Form 6. This form, it will be seen, provides seven money columns, one of which is devoted to the debits of each day during a week; the form, therefore, covers the total charges against the visitor for seven days.

With regard to "chance" customers—that is to say, visitors who are at the hotel, say, a couple of days, or less—a smaller number of columns may be found convenient, and a supply of bills will be kept to meet such cases. Form 7 represents a specimen of such a bill.

In connection with these "chance" accounts—and also in connection with the cash takings in the smoking-room, billiard-room, bar, &c.—it is perhaps desirable to add that *all* such

Form 6.—

PRO FORMÁ VISITOR'S BILL.

No..... *Name*.....

THE EMPIRE HOTEL,
KENSINGTON, W.

Proprietors - - - - *The Empire Hotels, Lim.*

Telephone No. 100,000 Central. *Telegrams: "Perfection, London."*

NO RECEIPT IS VALID UNLESS ON PRINTED FORM.

	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
Brought forward ..																		
Board ..																		
Apartments and Attendance																		
Breakfast, Luncheons, Din-																		
ners, Teas and Coffee ..																		
Burgundy ..																		
Champagne ..																		
Claret ..																		
Hock ..																		
Moselle ..																		
Port ..																		
Sherry ..																		
Sauterne ..																		
Spirits ..																		
Liqueurs ..																		
Ale and Stout ..																		
Mineral Waters ..																		
Cigars ..																		
Fires ..																		
Boots and Lights ..																		
Washing ..																		
Stationery, Postage and																		
Stamps ..																		
Billiards ..																		
Paid out ..																		
Meals served in room ..																		
Carried forward .. £																		

Bills are rendered weekly, when prompt payment is respectfully requested.

Form 7.—

"CHANCE" BILL.

THE EMPIRE HOTEL,
Kensington, W.
OLD-ESTABLISHED FAMILY AND COMMERCIAL HOTEL.

Telegrams :
"PERFECTION, LONDON."

THE EMPIRE HOTELS, LIM., Proprietors.

Accounts Rendered Weekly.

Cheques not received in payment.

M.....

ROOM No.....

190....	£	s	d	£	s	d	£	s	d	£	s	d
Brought forward												
Apartments												
Attendance												
Breakfasts												
Luncheons												
Dinners												
Teas												
Suppers												
Ale and Stout												
Wines												
Liqueurs												
Spirits												
Minerals												
Cigars												
Fires												
Lights												
Baths												
Washing												
Paid Out												
Stamps												
Posting												
Sundries												
Servants' Board												
Carried forward	£		

items are included in the Visitors' Ledger under a single column, which is ordinarily headed "Chance." This column thus records in the aggregate each day's charges and takings from "casual" customers, and under no circumstances, of course, ought there to be a balance to be brought forward at the end of the day. Visitors actually sleeping in the hotel, even for a single night, would not be included under the heading of "Chance."

Rough Day Book.—

A reference to the Visitors' Ledger (*vide* p. 10) will, of course, show that if, in the course of a single day, one visitor has to be debited with two or more charges in respect of the same class of item, it becomes necessary either to interline some of the charges, or to provide an intermediate record to *collect* those charges before making any entry in the Visitors' Ledger. As has already been explained, it is desirable that, so far as practicable, every charge should be debited direct and forthwith in the Visitors' Ledger; but in order to avoid interlineation (which would greatly increase the difficulty of making correct cross-additions) it becomes necessary to employ something in the nature of a Rough Day Book (*vide* Form 8). This Rough Day Book should be regarded as a subsidiary—and informal—Ledger, employed merely for the sake of collecting such charges against any one customer as it may be desirable to aggregate before passing them into the Ledger. For example, if a visitor orders only one bottle of a particular kind of wine in the course of a day, the entry may be made direct into the Ledger from the "Cellar Check"; if, however, two or more bottles have been ordered at different times, it is expedient to collect the details in the Rough Day Book before making the entry in the Ledger. Indeed, there is some advantage in invariably passing all bottles of wines and spirits through the Rough Day Book, so that, in case of need, a record may be

also kept of the number of the check which constitutes the authority for the debit.

The *pro formâ* entries upon Form 8 will, it is thought, clearly show the working of this book. It may be added that when the entry is transferred to the Visitors' Ledger the corresponding square in the Rough Day Book is cancelled by a blue pencil "cross" extending over the whole of its area. It can thus at any time be seen at a glance what entries have been provisionally made in the Rough Day Book and not as yet posted into the Ledger. This is, of course, important when the necessity arises to get out a visitor's bill at an odd time; and at the end of each day the whole of the entries in the Rough Day Book for the day must be entered up into the Visitors' Ledger, and duly cancelled.

Waiter's Check Book.—

Form 9 shows the ruling of a waiter's Check Book, which is a simple foolscap book, each page of which is divided into 12 slips (or checks), upon which charges may be recorded. By means of a carbon sheet a duplicate of each entry made in the Check Book can be permanently retained for reference in case of need—*i.e.*, should the original be lost or become illegible.

To facilitate rapid and accurate bookkeeping it is desirable that Check Books employed for different kinds of charges should be clearly distinguishable. In some cases the plan is adopted of printing them upon differently tinted papers, but as records made in pencil upon a tinted paper are somewhat difficult to decipher in an indifferent light, the balance of advantage will be found to lie with a coloured *line* printed across the face of the check rather than with a special tint of paper. This also lends itself to the carbon duplicates in the Check Book being upon a tinted paper, which is an advantage as materially reducing the risk of the carbon sheet being placed between the wrong pair of pages, in which case, of course, the original and the duplicate would not bear corresponding numbers.

Form 9.— WAITERS' CHECK BOOK.

685	689
686	690
687	691
688	692
689	693
700	694

Separate sets of Check Books, distinguished by different coloured bands, or a different number of ruled bands, would be required (a) by waiters, for orders for liquors; (b) by waiters, orders for special meals, &c.; (c) by chambermaids, for "extras"; (d) by hall porter and smoking-room waiters, for miscellaneous supplies (e.g., smokes, drinks, &c.); (e) by bar-keeper, for drinks from cellar. These checks, as has already been explained, will all in due course find their way into the office and be charged up against customers, the various items being, if necessary, first collected through the medium of the Rough Day Book.

Cash Received Book.—

All bills paid by customers should be acknowledged on a special form of receipt, preferably of the adhesive counterfoil variety. From the counterfoil of such Receipt Book the Cash Received Book (*vide* Form 10) is written up hourly, the postings being made forthwith to the Visitors' Ledger, or the Personal Ledger, as the case may be. As smoking-room waiters, and other members of the staff who are authorised to receive money, go off duty, they should be required to account to the office for their takings, which should, of course, be agreed with the selling-price of the goods supplied to them respectively. It is convenient that the bookkeeper should give each waiter a formal receipt out of the counterfoil Receipt Book for the amount so received from him, which will be entered up accordingly in the Cash Received Book and posted in the "Chance" column of the Visitors' Ledger. If necessary, the Rough Day Book may be utilised to summarise the various amounts received from different waiters in the course of the day. If there is a fair drink trade the waiters should account to the bar-keeper for drinks and smokes, as explained in Chapter V.

The hotel receipts, as shown by the Cash Received Book, should be banked at least once a day, at a definite specified

hour; and if the daily takings are considerable it is desirable that they should be banked twice a day, say, as soon as possible after breakfast and just before the bank closes in the afternoon. The amounts paid into the bank from time to time may be conveniently entered upon the right-hand side of the Cash Received Book, and on the total of the "Visitors' Ledger" column being extended into the Personal Ledger column the balance should agree with the cash then in the office till. For convenience of giving change, however, it is usual to provide a floating balance of, say, £10 to £25 in the office till, and in that case the money there should always be a corresponding amount in excess of the balance shown in the Cash Received Book.

Personal Ledger.—

As has already been explained (*vide* p. 16), in order to avoid the extreme inconvenience of retaining unpaid accounts in the Visitors' Ledger over an extended period of time, a Personal Ledger is usually provided, to which may be transferred, whenever desired, accounts which it is no longer convenient, or expedient, to keep recorded in the Visitors' Ledger. Such accounts will include the accounts of visitors who for any reason have left the hotel without paying their bill, and the accounts of specially privileged persons (*e.g.*, directors, &c.) who are frequent occasional visitors, and in whose favour the rule of payment before departure is relaxed. It need hardly be added, however, that the manager should make a point of looking through the Personal Ledger at least once a week, and noting the state of the outstanding balances, as they are otherwise very apt to be lost sight of.

Nothing should be debited to the Personal Ledger, save by way of transfer from the Visitors' Ledger; that is to say, under no circumstances should any additional charges be made

direct to the Personal Ledger. When an account in the Personal Ledger is paid the posting should be made direct from the Cash Received Book, but care must be taken to see that such items are properly entered in the middle left hand column of the Cash Received Book, and the daily totals of the "Visitors' Ledger" and "Allowances" columns must, of course, be agreed each day with the corresponding totals in the Visitors' Ledger.

Although the number of separate accounts in the Personal Ledger ought at all times to be quite small, it is convenient that this Ledger should contain an "Adjustment Account," as by that means the material may be readily provided for any adjusting entries that may be necessary. Thus when it becomes necessary to give credit for an allowance off an account in the Personal Ledger, or to write off such an account altogether as bad, all that the bookkeeper has to do is to make a transfer in the Personal Ledger crediting the account of the individual and debiting the Adjustment Account. The manager can then (by inspecting the Adjustment Account) see at a glance what amounts have had to be written off from time to time; while the chief bookkeeper, or secretary, in charge of the Nominal Ledger will find in such an Adjustment Account all the material necessary to enable him to balance the visitors' accounts with his own Adjustment Account in the Nominal Ledger, and to pass through the necessary transfers in respect of Allowances, Bad Debts, &c.

CHAPTER IV.

NOMINAL LEDGER.

IN quite small hotels it will not be necessary or desirable to separate the Nominal Ledger from the Private Ledger. In the majority of cases, however, this separation will be considered desirable; as, apart from the fact that by this means the manager (or proprietor) may be saved unnecessary bookkeeping, it enables the more private portion of the accounts to be kept from the cognisance of the general staff. The Nominal Ledger would consist chiefly of the various nominal accounts, representing in detail the income and expenditure of the hotel and the Visitors' and Personal Ledger Adjustment Accounts: various Stock and Stores Accounts will also find a place here. The postings in the Nominal Ledger may be conveniently made from (1) the Trade Payments Book, (2) the Petty Cash Book, (3) the Summary of Takings Book, (4) the Nominal Journal.

In the case of the vast majority of hotels the rule will be rigidly enforced that all purchases are made upon the lowest cash terms, with a view to securing the best possible prices, and to enable purchases to be made in the best markets. Under these circumstances the Bought Ledger, which is an essential part of most commercial businesses, becomes quite unnecessary. Accounts, being paid either daily or weekly, can be readily verified by the manager, who has had the ordering of the goods, and the necessity for keeping Personal Accounts for each trade creditor does not therefore arise. The Delivery Tickets will be sent up to the manager's office from hour to hour by the kitchen

clerk, after having been certified by him as being in accordance with the goods actually received and ordered. These will be compared by the head bookkeeper with the accounts received from the creditors, and eventually scrutinised, and finally passed by the manager himself. If necessary, the manager would be provided with a sufficient floating balance to cover cash payments; but in any event he would in due course apply for a cheque to reimburse him in respect of such payments, thus restoring his original floating balance. The entry of the payment in the books of account may thus conveniently begin with the drawing of a cheque in payment.

The current accounts having been carefully checked, a Requisition Sheet should be made out for the cheques which it is necessary to draw to cover the past week's accounts. Form 11 is a specimen of such a sheet in the case of a company. In the case of a private undertaking it is, however, still desirable that these sheets should be prepared weekly and systematically filed, although, of course, in that case the form will necessarily vary slightly.

Trade Payments Book.—

The Trade Payments Book is a list of all cheques drawn in payment of Trade Accounts. A convenient ruling is shown in Form 12. It should be added up weekly, and the totals of the various analytical columns may then be posted to the debit of the corresponding accounts in the Nominal Ledger. On the right-hand side is provided under the heading "Miscellaneous" space for the record of payments that do not occur sufficiently frequently to make it worth while to provide a special column for each. The amounts appearing in this column are posted individually to the Nominal Ledger. The total of the "Total" column is inserted in the General Cash Book, and the cross-references should, of course, be folioed, to enable the items

to be readily checked. It is immaterial whether cheques drawn in payment of Wages and of Petty Cash are included in the Trade Payments Book, or whether they be posted direct from the General Cash Book into the Nominal Ledger. Probably, however, it will be found more convenient to pass them through the Trade Payments Book, as then it will not be necessary to make any postings direct from the General Cash Book into the Nominal Ledger, and the separate balancing of the Ledgers can then be more readily tested.

Wages Book.—

In any event, it is important that a separate Wages Book should be kept, containing full particulars showing how the total of the week's wages is made up. A convenient ruling is shown in Form 13, which provides a space for each employee to sign for his wages when he receives them. The Wages Book is a purely statistical book—that is to say, it does not enter into the regular double-entry bookkeeping. It may, however, be regarded as the voucher verifying the weekly total of wages appearing in the Trade Payments Book, and in the "Voucher No." column of the latter the folio of the Wages Book should appear as a reference. The Wages Book should, of course, be added up, so that it may be seen at a glance that the total of the wages actually paid agrees with the total in respect of which a cheque has been drawn, and against the total in the Wages Book should appear a reference to the folio in the Trade Payments Book in which the item appears.

Staff Register.—

This is another statistical book, the object of which is to keep a record of every member of the staff. It may be in any convenient form, but the best will probably be found to be one with an index cut right through the book, so that the entries

Form 13.—**WAGES BOOK.***Week ending.....190*

Class	Name	Amount	Signature
		£ s d	

may be readily made in alphabetical order. The record should include the following items:—

Name of employee and position held.

Salary paid.

Names and addresses of references.

Date of commencing employment.

Notes as to manner in which employee discharged his duties.

Date of leaving.

Reason for leaving.

Names and addresses of persons to whom references have been given.

For obvious reasons it is desirable that this book should be kept by the responsible manager, or the proprietor himself, and it is, as a rule, expedient that the book should be provided with a spring lock like an ordinary Private Ledger.

Petty Cash Book.—

The Petty Cash Book should, if possible, be kept by a clerk other than the one receiving payment of accounts from visitors, as it is very desirable that under no circumstances should the two tills become mixed, for, if they do, the difficulty of accurately balancing from day to day is greatly increased. The clerk in charge of the Petty Cash should be required to keep a "Daily Balance Book," thus showing that he has balanced his cash every day, and that the balance agrees with the actual amount of money in his possession. Such a Daily Balance Book is also most useful in connection with the Cash Received Book.

The Petty Cash Book should be in columnar form, the exact headings depending somewhat upon the exact nature of the business. Unless, however, it is necessary that a large number of Trade Accounts should be paid by cash, the ruling shown in Form 14 will doubtless prove sufficient. It will be noticed that a column is provided for Wages. The necessity for occasionally paying wages through petty cash arises when an employee is discharged without notice, in which event his wages have, of course, to be paid forthwith, without waiting for the customary pay-day.

The Petty Cash is posted in exactly the same way as the Trade Payments Book into the Nominal Ledger, and at the end of each week (or each month) a cheque should be drawn for the exact amount of Petty Cash disbursed, which cheque would

be included—along with the rest—in the Trade Payments Book. In the Nominal Ledger there will be a Petty Cash Account, which will be started with a debit entry representing the floating balance in the hands of the petty cashier. Subsequent postings to the debit of the account would be made from the Trade Payments Book, and the postings to the credit would be the weekly totals of the "Total" column in the Petty Cash Book itself.

In the Nominal Ledger an account should also be opened for "Visitors' Accounts." This will be debited with the weekly total of that column in the Petty Cash Book. From the Petty Cash Book corresponding charges can be made to the visitors in respect of the payments made on their behalf: these items would appear under the heading of "Paid Out." The corresponding total appears, of course, in the Summary of Takings Book, and from that book is posted to the credit of the "Visitors' Account" in the Nominal Ledger. If the clerk in charge of the Visitors' Ledger has performed his work accurately, this account will show no balance. The object of the account in the Nominal Ledger is, of course, to check the clerical accuracy of the work.

Trial Balance.—

The following form shows a representative list of accounts in a Nominal Ledger, and the various foot-notes will, it is thought, sufficiently explain any items which have not been already dealt with in detail. As has already been stated, it is not, as a rule, necessary to make the Nominal Ledger self-balancing independently of the General Ledger. It will, therefore, be seen that the totals of the following List of Balances do not agree. Upon reference to p. 46, however, it will be observed that these totals are carried into the General Ledger Trial Balance, which is thus completed, and provides a check upon the clerical accuracy with which both Ledgers have been kept. If it should be desired, however, to make each of these two Ledgers balance separately, no difficulty will be found in so doing, as they are posted up from quite distinct books of first entry.

Form 15.—

NOMINAL LEDGER BALANCES, 31st December 1904.

		£	s	d	£	s	d
14	Visitors' Ledger (A)	125	0	0			
17	Personal Ledger (A)	20	0	0			
23	Wines (B)	2,230	0	0	1,440	0	0
37	Spirits (B)	1,200	0	0	1,410	0	0
56	Minerals (B)	425	0	0	660	0	0
70	Beers (B)	480	0	0	730	0	0
89	Cigars and Cigarettes	75	0	0	100	0	0
101	General Stores	1,500	0	0			
125	Rooms				4,000	0	0
140	Meals				7,000	0	0
160	Chance Meals				1,250	0	0
180	Attendance Charged				750	0	0
198	Washing Charged				50	0	0
219	Billiards Charged				80	0	0
224	Paid Out (C)						
272	Coals and Sundries Charged				130	0	0
289	Petty Cash (D)		5	0			
307	Meat	1,300	0	0			
320	Fish and Poultry	1,050	0	0			
342	Sundry Provisions	800	0	0			
360	Fuel	400	0	0			
376	Repairs to Premises	48	0	0			
382	Renewals of Glass and China (E)	100	0	0			
384	" Furniture, &c. (E)	50	0	0			
390	" Cutlery and Plate (E)	50	0	0			
401	" Linen (E)	80	0	0			
410	Wages	1,000	0	0			
441	Upkeep of Billiard Room	10	0	0			
447	Bad Debts	5	0	0			
450	Reserve for Bad Debts					15	0
453	Bar Stock (F)	32	0	0			
472	Laundry	320	0	0			
490	Licence and Telephone	100	0	0			
494	Gas	250	0	0			
498	Electric Light	380	0	0			
501	Floating Cash (D)	20	0	0			
503	Printing and Stationery	40	0	0			
509	Newspapers	20	0	0			
512	Hire of Plants	70	0	0			
514	Liveries	75	0	0			
517	General Expenses	520	0	0			
525	Outstanding Creditors (G)					300	0
527	Payments in Advance (G)	100	0	0			
530	Advertising	150	0	0			
541	Kitchen Stock (G)	50	0	0			
545	Stock of Stores (G)	150	0	0			
		£13,230	0	0	£17,915	0	0

- (A) The Adjustment Accounts for these two Ledgers (*vide* pp. 17 and 27).
 (B) These provide the data for the Liquor Trading Account (*vide* p. 49).
 (C) This account should show no balance (*vide* p. 36).
 (D) Balance in hand.
 (E) As to method of providing for depreciation (*vide* pp. 63 and 64).
 (F) This is at Selling Price: a Reserve is included in the General Ledger balances (*vide* p. 42). To avoid fluctuations the Bar Stock should be made up to a definite uniform amount at balancing time.
 (G) The Nominal Accounts affected by these balances have already been modified accordingly: no further adjustment for outstandings is therefore required.

CHAPTER V.

CELLAR AND BAR.

THE books kept for the purpose of recording the stock in both cellar and bar are statistical only, but they are checked by—and serve to explain—the corresponding accounts in the Nominal Ledger.

Cellar.—

The Cellar Stock Books are in the majority of cases kept in quantities only. The form may be slightly varied according to circumstances, but Form 16 will be found a useful ruling.

When (as is not infrequently the case) there are several cellars, it is convenient that there should be a separate Stock Book in respect of each. Probably, however, it will not be found necessary to have more than one account in the Nominal Ledger for each class of liquor—*e.g.*, “Wines,” “Spirits,” &c.

Frequently a firm of wine merchants arrange to stock the hotel cellar (or one of its cellars) with their own goods, they remaining the property of the wine merchant until sold. The cellar is in the first instance stocked with a definite supply of each number—say two dozen bottles of each, and a larger quantity of the numbers in most general use. On the first day of each month the wine merchants' representative calls, and takes stock with the hotel manager or head cellarman, which (the shortage in the stock having been agreed between the two)

supplies the data for the account rendered by the wine merchants in respect of the consumption for the past month. Along with that invoice are forwarded goods of a similar quantity and description, which, when placed in the cellar, restore the stock to the original figure. It will be observed that under this arrangement the "wine merchants'" cellar is practically worked on the "Imprest" system, which will be found extremely convenient in practice.

Such an arrangement with a firm of wine merchants as that just described does not call for any special system of accounting, and need not therefore be separately described. The following general system will be found applicable to all normal cases, although it will of necessity require slight adjustments where the staff is either very large or very small.

The cellarman is responsible for the stock in the cellar. He is accordingly required to pass all invoices for goods received, and, upon initialling them, becomes responsible for a corresponding quantity of goods. His discharge for goods issued by him is represented by checks on the prescribed form. Such checks may be issued by the waiters (or in some cases by the head waiter alone), by the bar-keeper, or by the manager. In some hotels the cellar only issues goods to the bar, which, in its turn, retails them to visitors; but it is thought that, as a rule, it is better to keep the Bar Accounts as simple as possible, and to arrange for all sales of bottles or half-bottles of wines or spirits to pass through the cellar.

The Waiter's Drink Check Book is a plain numbered counter-foil book, the leaves of which are distinctively coloured to indicate that only orders for drinks are to be recorded thereon. It is only necessary that the quantity and the number of the bin should be mentioned, thus $\frac{1}{2}$ 62, or $\frac{1}{4}$ 67. The sign $\frac{1}{4}$ (signifying a whole bottle) should be used in preference to the

simple "1," which might easily be confused with the bin number and be mistaken (in the case just mentioned) for No. 167.

The cellarman issues wines, spirits, and minerals against these checks, which at the time are filed for further entry. As soon as the meal has sufficiently progressed the cellarman should get forward with his booking, sorting together all checks relating to the same bin number, so that at the end of the day the total quantity issued from each bin may be entered in the Cellar Book in one figure. At the close of the day, or the first thing next morning, a return should be sent in to the office in the following form:—

Form 17.—

..... CELLAR ISSUES SHEET

forday 190..

Quantity *	Bin No.	@	Selling Price
			£ s d
	1 ½		
	½		
	2 ½		
	½		
	&c.		

* These figures should agree with the figures in the column relating to the same day of the month in Form 16.

The above form represents the cellarman's account of the goods issued by him, priced out at selling prices. These should

be at once agreed by the bookkeeper with the aggregate amounts charged to visitors in the course of the day, and with the total debited to the bar. When (as is frequently the case) it is the custom to supply drinks to the staff, these should also be passed through the Visitors' Ledger, a separate account headed "Staff" being opened for that purpose. Save in the case of large hotels, it will be usually found economical not to provide draught beer for the staff, which is probably not sold in the ordinary way to visitors. Should draught beer be supplied, the best plan is to place the cask in charge of some responsible kitchen hand, who will be expected to make it last the required time, having regard to the number of hands employed, and in such cases the consumption of staff beer need not pass through the cellar books at all.

When the whole cellars are stocked by a wine merchant under the arrangement already described, the wine merchant's stocktaking provides all necessary check upon the cellarman; but if the cellar (or any part of it) be stocked by the hotel, the manager should make a point of himself taking stock at least once a month—not, of course, necessarily at the end of each month.

Bar.—

From the bar will be supplied all "broken" drinks, and—for convenience of serving—a sufficient supply of minerals will be kept at the bar to be supplied with such drinks. The bar-keeper is debited with the stock issued from the cellar at selling prices, and is expected at all times to be able to account for either a corresponding quantity of stock, or its equivalent in money or debits. It is convenient to, as far as possible, make the bar trade a cash trade; but "broken" drinks served to visitors in the coffee or dining room must, of course, be charged up through the Visitors' Ledger in the usual way. In respect of these, checks will be issued by the waiters and retained by the bar-keeper as a voucher in respect of a corresponding

At the end of each month (or oftener if desirable) the stock in the bar must be taken, and agreed with the stock shown by the Daily Stock Book, the bar-keeper being responsible for all deficiencies.

It will be observed that the Daily Stock Book shows the total value of liquors supplied in exchange for checks. This total is, of course, capable of being agreed with the total amount charged to visitors in respect thereof, and should be so agreed at least daily. Waiters requiring drinks for smoking rooms, billiard rooms, &c., should preferably be instructed to obtain payment therefor at the time. To save delay, they may pay the bar-keeper for the time being, either in checks of a different colour to those employed in the coffee or dining rooms, or in counters, such checks or counters being, of course, redeemed by each waiter at the end of the day. In large hotels it is usual to employ counters which the waiter has had to buy at the office before proceeding upon his duties, and this, of course, provides an effective safeguard against loss through the inaccuracy or dishonesty of a waiter.

Coffee, for which payment will be required in cash, should not be supplied from the bar, as it is practically impossible to keep any effective check on the quantity sold: by diluting the stock of coffee a bar-keeper might misapply spirits of equal value without detection, but dilutions of spirits can always be readily detected by means of an hydrometer.

CHAPTER VI.

GENERAL LEDGER.

As has already been stated, in small concerns the Nominal and General Ledgers may be combined; but were the hotel sufficiently large to render the separation desirable, the General Ledger will contain merely those accounts which (for any reason) it may be thought desirable, or convenient, to withhold from the knowledge of the clerk keeping the Nominal Ledger. In the case of privately owned hotels, these would include the partners' Capital and Drawing Accounts, Trading and Profit and Loss Accounts, the various real accounts, the nominal accounts relating to Depreciation, Interest, and the like, and the Balance Sheets. In the case of hotels owned by companies, the distribution of accounts would be upon the same lines *mutatis mutandis*; but here, of course, additional Share Ledgers, &c., would be required to keep record of the holding of each member.

Branches.—

When several hotels are owned by the same proprietors, it will usually be found convenient to have only one General Ledger in respect of all the hotels. In such cases, however, there would be a separate Nominal Ledger for each hotel, and that Nominal Ledger must under these altered circumstances be made self-balancing. The Adjustment Account in the Nominal Ledger will be called "Head Office Account," and in the General Ledger (kept at the Head Office) the corresponding Adjustment

Account will be known by the name of that particular hotel. With a view to keeping these Adjustment Accounts clear of details, it will probably be found convenient to open separate accounts recording Remittances both ways, and also Goods (if any) issued from the Head Office to the various hotels. As a rule, however, each hotel will arrange for the purchase of its own goods, as in the absence of such an arrangement no very high measure of responsibility can reasonably be expected from the manager.

Trial Balance.—

The following Trial Balance is given *pro formâ* as representing, with the List of Nominal Ledger Balances shown on p. 37, the material from which the usual periodical accounts may be prepared.

Form 19.—

TRIAL BALANCE, 31st December 1904.

<i>Private Ledger.</i>		£	s	d	£	s	d
1	Capital Account .. .. .	..	..	..	17,500	0	0
3	Mortgage Account .. .. .	..	..	..	15,000	0	0
5	Lease Account	27,000	0	0			
10	Furniture and Fittings	4,883	0	0			
14	Glass and China	462	0	0			
17	Linen	375	0	0			
22	Cutlery and Plate	371	0	0			
30	Rent and Insurance	125	0	0			
36	Law Costs	5	0	0			
40	Rates and Taxes	420	0	0			
43	Reserve on Bar Stock .. .. .	..	..	..	16	0	0
52	Audit Fee	105	0	0			
54	Salaries	400	0	0			
60	Interest	600	0	0			
65	Outstanding Creditors .. .. .	..	..	..	630	0	0
70	Payments in Advance	100	0	0			
	Nominal Ledger	34,786	0	0	33,146	0	0
	General Cash Book	13,230	0	0	17,915	0	0
		3,045	0	0			
		£51,061	0	0	£51,061	0	0

General Cash Book.—

The General Ledger—like every other Ledger—should have its own books of first entry, namely, a General Cash Book and General Journal, both of which will follow the usual form of ruling. The General Cash Book records (eliminating all unnecessary detail) the *whole* of the receipts and payments. The bulk of the receipts will be recorded in detail in the Cash Received Book, and in consequence only the daily totals need appear in the General Cash Book. As, moreover, these totals do not require to be posted daily into the General Ledger, an inner column may be usefully employed for the purpose of collecting them into monthly totals. The Visitors' Ledger Adjustment Account being kept in the Nominal Ledger, no necessity arises to post even these totals at all in the General Ledger, unless both Nominal and General Ledgers are to be made independently self-balancing. All moneys received, other than those which pass through the Cash Received Book, must be entered in the General Ledger in detail, and posted from there to the credit of the proper accounts in the General Ledger. On the credit side of the General Cash Book will appear, in total only, those payments made by cheque which are passed through the Trade Payments Book. Any payments not passing through the Trade Payments Book should be recorded in the General Cash Book in detail, and posted to the debit of appropriate accounts in the General Ledger.

General Journal.—

This book is employed to record entries affecting the accounts in the General Ledger which do not involve the receipt or the payment of money, and therefore do not pass through the General Cash Book. These would consist chiefly of the adjusting entries usual on the periodical balancing of a set of books, and the "closing entries" if they be journalised. If it be desired to withhold the contents of the General Ledger from the

clerk in charge of the Nominal Ledger, it is desirable that all such transfers as have to be made from the latter to the former at balancing should be passed through both Nominal and General Journals, the *contra* side of both being cross-folioed for reference purposes in cases where these two Ledgers are not independently self-balancing. When both Ledgers are kept by the same person, there is, however, no objection to the Nominal and General Journals being combined, provided the combined Journal, as well as the General Ledger, be provided with the usual spring lock.

The following *pro formâ* accounts are compiled from the Trial Balance already given on pp. 37 and 46. They are in a form which will be found useful to proprietors, directors, or managers; but which is far too detailed for submission to shareholders.

HOTEL ACCOUNTS.

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Form 20.—

LIQUOR TRADING ACCOUNT, for the year ended 31st December 1904.

Cr.

Dr.

	Wines	Spirits	Beers	Minerals		Wines	Spirits	Beers	Minerals
	£ s d	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d	£ s d
To Stock, 1st Jan. 1904	1,480 0 0	400 0 0	80 0 0	100 0 0	By Sales	1,440 0 0	1,410 0 0	730 0 0	660 0 0
" Purchases ..	730 0 0	800 0 0	400 0 0	375 0 0	" Stock, 31st Dec. 1904	1,510 0 0	490 0 0	35 0 0	165 0 0
" Gross Profit ..	720 0 0	700 0 0	285 0 0	400 0 0					
	<u>£2,950 0 0</u>	<u>£1,900 0 0</u>	<u>£765 0 0</u>	<u>£825 0 0</u>		<u>£2,950 0 0</u>	<u>£1,900 0 0</u>	<u>£765 0 0</u>	<u>£825 0 0</u>
Percentage of Profit	50·0%	49·7%	38·3%	60·6%					

Form 21.—

Dr.

TRADING ACCOUNT, for the year ended 31st December 1904.

Cr.

	£	s	d	£	s	d	£	s	d
To Meat	1,300	0	0				4,000	0	0
" Fish and Poultry ..	1,050	0	0				7,000	0	0
" Sundry Provisions ..	800	0	0				1,250	0	0
" General Stores	1,500	0	0				750	0	0
" Wages		125	0	4,650	0	0	50	0	0
" Rent and Insurance ..		420	0	1,000	0	0	130	0	0
" Rates and Taxes		400	0						
" Fuel		250	0						
" Gas		380	0						
" Electric Light		320	0						
" Laundry		100	0						
" License and Telephone ..		40	0						
" Printing and Stationery ..		20	0						
" Newspapers		70	0						
" Hire of Plants		75	0						
" Liveries		520	0	2,870	0	0			
" General Expenses		150	0						
" Advertising									
Salaries									
" Repairs, Maintenance, and Depreciation:—				400	0	0			
Lease									
Premises	520	0	0						
Furniture, &c.	48	0	0						
Glass and China	250	0	0						
Cutlery and Plate	150	0	0						
Linen	80	0	0						
Linen	100	0	0						
Balance, carried to Profit and Loss				1,148	0	0			
Account				3,112	0	0			
				£13,180	0	0	£13,180	0	0

HOTEL ACCOUNTS.

Form 23.—BALANCE SHEET, 31st December 1904.

<i>Liabilities.</i>		<i>Assets.</i>	
£	s d	£	s d
Capital Account	17,500 0 0	Leasehold Premises	27,000 0 0
Mortgage at 4 per cent.	15,000 0 0	Less Depreciation	520 0 0
Sundry Creditors	930 0 0	Furniture and Fittings	26,480 0 0
Profit and Loss Account	4,617 0 0	China and Glass	4,682 0 0
		Cutlery	412 0 0
		Linens	345 0 0
		Stock on Hand, viz:—	293 0 0
		Wines	1,510 0 0
		Spirits	480 0 0
		Minerals	165 0 0
		Beers	55 0 0
		Cigars, &c.	20 0 0
		Kitchen	30 0 0
		Stores	150 0 0
		Bar	10 0 0
		Sundry Debtors	2,436 0 0
		Payments in Advance	130 0 0
		Cash—At Bank	200 0 0
		" In Hand	3,043 0 0
			25 0 0
			3,070 0 0
			£38,047 0 0

Form 25.—

Dr. **PROFIT AND LOSS ACCOUNT, for the year ended 31st December 1904.** *Cr.*

	£ s d		£ s d
To Salaries, Office Expenses, &c. 	500 0 0		
" Interest	600 0 0		
" Auditors' Fee, Law Costs, and Bad Debts	115 0 0		
" Balance available for Distribution	4,617 0 0		
	£5,832 0 0		
		By Gross Profits	5,832 0 0
			£5,832 0 0

For the management of an hotel to be effective, it is obvious that the accounts must be able, in some form or another, to produce the results—or at all events the approximate results—of the trading at far more frequent intervals than once or twice per year. It is usual for an Interim Working Account to be prepared either weekly or monthly upon some such lines as Form 26. The columns on the left-hand side of the narration show, in each case, the income, or cost, per visitor per day in shillings, pence, and decimals of a penny. Of course, it is not to be supposed that these decimal figures will remain constant, or even approximately constant, from month to month; but, for all that, they are extremely useful for comparative purposes, as enabling the skilled manager, or proprietor, to readily see where undesirable tendencies are creeping in.

CHAPTER VII.

THE KITCHEN AND STORES.

UNQUESTIONABLY that department of an hotel which it is most difficult to supply with a really effective, and at the same time simple, system of accounting is that relating to the Kitchen and General Stores; and as the undertaking increases in size this difficulty increases, on account of the practical impossibility of the manager of a large concern relying exclusively—or even mainly—on his own memory and observation. In the case of most hotels of the size chiefly considered in this book, it is thought, however, that the less accounting is relied upon as a check upon the Kitchen and Stores Departments, and the more the responsible manager himself continuously supervises these departments, the better will be the result.

Stores.—

So far as general stores are concerned, a Stores Ledger should be kept recording in quantities, and under suitable headings, the various classes of stores in stock, debiting each account with further supplies received from tradesmen, and crediting the account with stores issued against checks signed by properly authorised persons. It should be possible for this Stores Ledger to be balanced very fairly with the actual quantities of stores in hand from time to time. A weekly summary should be made of the quantity and value of all stores issued, and to whom; and this should be submitted as soon after the close of the week as possible to the manager for his consideration.

Kitchen.—

So far as the Kitchen is concerned, the "golden" rule to be at all times borne in mind is that under no circumstances whatever should anyone who is entitled to receive money in payment of bills be also entitled to sign checks on the kitchen for the supply of goods. If this precaution be overlooked, it becomes a very easy matter for waiters, chambermaids, &c., to supply "extras" to visitors, and receive payment therefor without the hotel receiving any benefit for the service rendered. If, however, the person entitled to receive payment is invariably distinct from the person who is able to render the service, no fraud can take place without collusion; and with a reasonable amount of supervision, and an occasional change in the respective duties of the staff, risks of collusion may be very greatly minimised.

In the kitchen—as elsewhere—the ultimate test of successful administration is the results achieved, and these can, without any undue elaboration of accounting, be readily arrived at daily by means of a Daily Stock (or Cost) Sheet. This may be prepared in any convenient form, and the following skeleton is given merely as an indication of what is intended. Doubtless each hotel manager will modify it somewhat to meet his own views as to the requirements of the case; but its essential object is to show *almost immediately after the day's work has been done* the actual cost of the materials consumed, as against the number of meals supplied and the amount taken in respect thereof. Like all other statistical figures, these Cost Sheets are of but little use to those who have no practical knowledge of the subject; but to the skilled manager they supply the one thing which he is unable to determine with certainty from his own observation—viz., the exact prime cost of production, as against the gross revenue received *per contra*. Leakages arising from injudicious catering, from bad carving, from wasteful cooking, and other causes should be apparent from an intelligent perusal of these sheets.

HOTEL ACCOUNTS.

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Form 27.— DAILY COST SHEET day, the 190....

Description of Goods	In Stock from previous Day	Received during Day	In Stock at close of Day	Day's Consumption	Prime Cost	Menu	No. of Portions Served	No. of Visitors <i>a la Carte</i>	No. of Visitors <i>en Pension</i>	Amount Charged	Remarks
(In this column would be printed, in groups, all usual items. Special items can be added in space reserved at end of each group.)		(The entries in this column should be agreed with Delivery Notes, and Storekeepers' checks.)			£ s d (The total of this column represents the estimated prime cost of all meals served.)	(The menu of each meal through out the day should be recorded here. The numbers served should be compared with the following columns. Staff meals should be recorded at the foot.)				£ s d (Both visitors <i>a la Carte</i> and visitors <i>en Pension</i> should be extended into this column, so as to show one total agreeing with charges as per Visitors' Ledger.)	

Staff Meals.—

The provision of meals for the staff is sometimes kept entirely separate from the hotel *cuisine*; but as a rule (particularly in medium-sized concerns) it will be found more economical to, so far as possible, provide the staff meals out of made dishes left over after the hotel meals have been finished, as by this means no little waste is avoided, and it becomes practicable to provide a greater variety to visitors—a most important consideration in connection with small hotels which happen to be not more than half full. Such considerations as this may, of course, very easily tend to cause considerable fluctuations in the Daily Cost Sheets; but with good management extending over a reasonable period (say a month), no very material fluctuations should be apparent.

A Monthly Summary of the Daily Cost Sheets, along with the monthly Interim Working Account described on p. 56, should always be placed before the directors of a company owning an hotel at their board meetings.

CHAPTER VIII.

INTERNAL CHECK AND AUDIT.

FROM what has already been stated, it will be observed that the chief weaknesses in connection with a system of Hotel Accounts lie not so much with the cash transactions as with those which involve the handling of goods without any corresponding entry in the books of account themselves. As a consequence it follows that the books of account may appear to be in all respects in order, and yet there may be such serious leakages as to effectually prevent any profit being shown on a large amount of business done.

Without going fully into the vexed question as to how far the Auditor may be reasonably expected to go behind the books of account in search of the actual facts, it seems desirable to point out that unless some system of check exists (and is effectively and continuously employed) irregularities, and consequent loss, must in the ordinary course of events be expected. The system which so usually obtains of underpaying hotel employees—if, indeed, they are not expected to pay to go in—naturally encourages a frame of mind in which these employees consider themselves entitled to practically all that they can get; and, in many hotels, at all events, this seems to be about the point of view from which the matter is approached by proprietors, managers, and employees alike.

Internal Check.—

It may well be questioned whether the most ingenious system of accounts, and the sharpest of managers, could in such cases hope to be entirely successful in their endeavours to remove all traces of irregularity and loss arising through waste, leakage, or actual dishonesty. No really effective system of control can, it is thought, be employed where the whole onus of carrying out that system rests upon the manager, with perhaps one or two underpaid assistants. Systems of internal check, to be effective, require it to be assumed that at all events the majority of the employees may be safely relied upon to be conscientiously looking after the interests of the concern; and it may well be questioned whether this is not too large an assumption to be made with safety in the case of many hotels.

With very large concerns, owning two or more hotels, the best system is probably to employ a Staff Auditor, or Auditors—entirely independent of each hotel and each hotel manager—to visit each hotel in succession not less frequently than once a week, and (as thoroughly as may be practicable) check all entries leading up to the Visitors' Ledger on the one hand and the Trade Payments Book on the other. That is to say, verify all checks, vouchers, &c., with a view to making sure (1) that all services rendered have been duly charged to visitors in the Visitors' Ledger; (2) that no payments have been made through the Trade Payments Book, or the General Cash Book, without value being received. If the Staff Auditors thus vouch these important books in detail, the actual "audit" becomes greatly simplified, and can without difficulty be made really effective.

In the case of those smaller hotels with which this volume is chiefly concerned, it is thought that the best—and, indeed, the only really practical safeguard—is to establish better relations between employers and employed, so that, with reasonable supervision, irregularities may be reduced to a minimum. If the

bookkeepers be not overworked, it is by no means impossible for them to keep a very fairly effective check upon waiters and chambermaids, and the system of test by totals explained on p. 20 will enable the manager to readily ascertain whether this check is actively in force from day to day. So far as expenditure is concerned, in a comparatively small concern the manager should be able to keep sufficiently in touch with events to be able to satisfy himself that no accounts are passed for payment without corresponding benefits having been received, and he should himself from time to time test the accuracy of the stock on hand in cellars, store-rooms, and kitchen, at all events in sufficient detail to make sure that the accounts are substantially accurate.

Audit.—

The actual audit under these circumstances resolves itself into a comparatively simple affair. The various fixed assets will be taken at their book value—subject, of course, to due provision for Depreciation, and careful inquiry as to their continued existence.

Depreciation.—

Freehold buildings can hardly be said to depreciate in the ordinary sense, but a reasonable reserve should be made for future repairs. Leasehold buildings should be written off within the unexpired term of the lease, and in particular inquiry should be directed to the amount of reinstatement (if any) that will then be necessary; as it often happens that structural alterations have been made which must be made good at the end of the lease, thus greatly increasing the cost for dilapidations.

With regard to Fixtures, Furniture, &c., very much, of course, depends upon the class of business done and the quality of the original assets. Probably 5 per cent. all round on the original cost may be regarded as a minimum provision for wear and tear.

which is here, of course, practically the only form of depreciation that need be taken into account. In some cases, however, $7\frac{1}{2}$ per cent.—or even 10 per cent.—might be more prudent.

With regard to such "loose" fixed assets as Table Linen, Bed Linen, Glass, Crockery, Cutlery, Plate, &c., proper inventories should be kept of these throughout the year, and frequently checked by responsible persons. The Auditor is thus enabled to satisfy himself that the assets originally debited to these accounts are still in existence, and the question of depreciation then alone has to be considered. As a rule, deterioration in these items is heavy, and in consequence a large expenditure in respect of renewals is necessary if the undertaking is to be kept up in a proper state of efficiency. So far as glass and crockery are concerned, if the quantities are maintained it may fairly be assumed that no reserve for depreciation is necessary. With regard to cutlery, the average life may be said to vary from three years to seven years, according to the class of business; and if the expenditure on renewals for the year falls short of this ratio, a reserve for future renewals should be made. In connection with linen, very much depends upon the amount of stock, and the consequent wear imposed upon each article; while it need hardly be said that the original quality is a most important factor in connection with durability. Under these circumstances it is thought best not to lay down even an approximate rule during the early years of a new hotel. It might perhaps be assumed that the average life of the linen would be (say) four years, and a reserve for future renewals in excess of current renewals might be provided upon this basis until such time as experience showed a more reliable one. An experienced housekeeper could always say approximately the percentage to be taken off original cost to represent the present value, and in this way a very useful guide on the book figures may be obtained.

Book Debts.—

So far as Book Debts are concerned, no serious difficulty ought to arise. All cash received should, of course, be traced into the bank, and care should be taken that no accounts of visitors who are no longer staying in the hotel remain on the Visitors' Ledger. Thus *primâ facie* every account in the Personal Ledger (*vide* p. 25) is doubtful, and the Auditor should satisfy himself as to the value of all such accounts before allowing them, or any portion of them, to be treated as good assets.

Cash.—

With regard to the Cash balances, the only caution necessary is that, inasmuch as it is absolutely essential in the case of an hotel that there should be cash in hand at the date of the Balance Sheet, and moreover different sets of cash, in the hands of different persons, the Auditor who desires to avoid being deceived should make a point of counting *all* such balances simultaneously, and of vouching the whole of the cash up to the date selected by him for such counting.

Liabilities.—

With regard to the liabilities' side of the Balance Sheet, the Auditor's chief anxiety will be to satisfy himself that all outstanding liabilities have been included. This is especially important, owing to the absence of any Bought Ledger. The usual outstandings in respect of rent, rates, &c., can, of course, be readily arrived at from a careful study of the Nominal Ledger; but with regard to tradesmen's accounts, the only effective check is the tradesmen's replies to a circular letter, asking for particulars of their accounts up to the date of the Balance Sheet. Full particulars of the tradesmen's accounts accruing due on that date, and paid on the subsequent

customary pay-day, should also be carefully studied, with a view to detecting any possible omissions; and all members of the staff authorised to give orders for goods, or to receive such goods on delivery, should be required to certify as to the exact position of their respective departments.

The above outline of an hotel audit is, of course, by no means exhaustive, but it deals with the features that specially distinguish this type of audit from most others.

CHAPTER IX.

THE SIMPLEX SYSTEM.

THE present volume would be incomplete without reference to the "Simplex System of Hotel Bookkeeping," devised by Mr. George Alexander, of 5 Sinclair Road, Kensington, London, W. This system contains several ingenious features, the most important of which are the application of the "Slip" system to the Visitors' Ledger and to "Chance" bills. It is unnecessary to describe these devices in detail, as full particulars can be obtained from Mr. Alexander (at the address given above) upon application. It may be pointed out, however, that the essential feature is that each visitor's account, as well as the bill of each "chance" visitor, is made up at the time direct on a draft bill form allocated for that purpose. By means of a carbon sheet a duplicate of this bill, in exact *facsimile*, is simultaneously compiled, and this duplicate forms the basis of all subsequent bookkeeping entries. In connection with many industries the need that would frequently arise of referring to past transactions might make this somewhat wholesale application of the "Slip" system inconvenient; but in connection with Hotel Accounts the necessity hardly ever arises to refer to a bill that has once been paid, while the number of outstanding bills is naturally limited by the number of rooms available, so that the number of unpaid accounts that have to be kept (so to speak) "on the slips," is never likely to be serious, save in hotels of the first magnitude, for which the system is not intended. In connection with small hotels, where the proprietor (or a member of his family) does most of the bookkeeping, and it is all under his personal and daily supervision, the saving of time effected by the "Simplex System" will be found a great convenience. In larger concerns it seems not unlikely that greatly increased vigilance would have to be exercised in the internal check, if all risk of irregularities were to be avoided.

CHAPTER X.

RAILWAY HOTELS AND REFRESHMENT ROOMS.

No attempt will be made in the present volume to deal adequately with the problems that arise in connection with the accounting of Hotels and Refreshment Rooms owned by Railway Companies. Anything like a comprehensive treatment of the subject would occupy more space than is available in the whole of the present volume, but a few suggestions may be offered which will perhaps be found of value.

Dealing first of all with existing systems, the general practice in connection with Railway Accounts is to work exclusively on a cash basis—that is to say, earnings are brought into credit as received in cash, and expenditure is charged up against revenue as actually paid. When, as in connection with railway companies, the trade approaches very closely to a cash trade, this system possesses many conveniences; and if due care be taken, prior to balancing the books, to see that all outstandings are received and paid respectively (if necessary keeping the books open for a few weeks to enable that to be done), the receipts and payments on account of revenue will be found to approximate very closely with the true income and expenditure for the same period. There are, however, certain classes of expenditure—*e.g.*, maintenance and renewals—which cannot be relied upon to equal the actual payments that can usefully be made in the course of the same period, and in connection with these at

least the cash basis requires modifying before accurate results can be relied upon.

For the information of departmental managers, and directors, it is usual for Returns to be prepared monthly, showing the working of each separate hotel, &c. The moneys of these undertakings are not kept separate from the general moneys of the railways. The local manager pays his takings daily at the local booking-office, and payments are made from headquarters, or, in certain cases, from the local headquarters. Only under quite special and well-defined circumstances is the local manager authorised to make payments out of the moneys received by him. This arrangement works very well up to a point; but seems to result in unnecessary establishment charges, and to be ineffective as regards control. It naturally lends itself to the Hotel Accounts being kept upon a cash basis by the general clerical staff of the railway; but accounts so kept, both as regards manner and location, are of but little value to hotel managers. For their own purposes, therefore, it becomes necessary for the managers to duplicate such of the Hotel Accounts as may be necessary to enable them to prepare visitors' bills and certify tradesmen's accounts for payment; and, owing to an entire lack of co-ordination, there is generally much overlapping, and considerable risk of lapses *per contra*.

So far as the monthly Returns are concerned, inasmuch as no attempt is made each month to eliminate outstandings, Returns upon a pure cash basis afford little or no indication of the working during the period under review. It may well be questioned whether, as ordinarily prepared, they provide such data as would enable either hotel manager, general manager, or board of directors to form any useful opinion upon any point in connection with the detailed working of the hotels.

It is probably, however, in connection with the subject of depreciation that the most fallacious results are in general

achieved. As has already been stated (*vide* p. 64), most of the floating assets owned by an hotel wear out quickly, and in consequence, after (say) the first ten years, the actual expenditure on the renewal of such assets would probably be fairly uniform in successive years. This remark, however, does not at all apply to fixed assets, or to the more permanent forms of furniture and equipment. The practice appears to have been largely followed in the past, of capitalising all expenditure upon enlargement of whatever description, without any regard whatever to the increased earning capacity that such enlargements might be expected to produce; with the result that such capital expenditure at the present time in some cases stands at a figure which renders it altogether out of the question to expect that any adequate return per cent. can be expected by way of annual working profit. This entirely illusory state of affairs is, of course, entirely due to the employment of the cash basis without due regard to its necessary limitations; but as the figures relating to the Hotel Accounts do not appear separately in the published half-yearly accounts of the company, the absurdity of the results shown is, of course, not apparent.

It is suggested that the proper course for railway companies to pursue in connection with their hotels and refreshment rooms is upon the lines already indicated in Chapter VI. in connection with companies owning several hotels. Each hotel should contain, upon its own premises, such books as may be necessary to enable the local manager to obtain that insight into the facts which is essential for effective control. At the office of the hotel general manager should be kept a General Ledger, dealing with all the hotels, &c., owned on the railway's system, and containing in addition such accounts as it may be unnecessary, or undesirable, to keep in the several Nominal Ledgers. No difficulty whatever arises in organising the accounts upon this system, and at the same time requiring all

cash to be daily paid into the local booking-office and all accounts to be paid from the Accountant's Department. All that is necessary is, in the Hotel Accounts, to debit the Accountant's Department with all moneys received by the hotel as paid into the booking-office, and to credit that department with all cheques drawn by it on account of the hotel. It may be convenient for the Ledger Account recording these transactions to be kept separate from the Nominal Ledger, and it thus becomes in effect the General Cash Book relating to that particular hotel—the Accountant's Department being, in effect, the hotel's bankers.

Dining-room cars, and buffets at wayside stations, should, for convenience of control, be attached as a matter of account to the hotel most conveniently situated, and placed under the supervision of the manager thereof. From this it follows that in most cases all dining-cars will be attached to the hotel at the London terminus (or other headquarters of the railway company), but cars employed upon a strictly local traffic would be better attached to the hotel which seems most capable of exercising an effective and continuous control. In all essentials such dining-cars, &c., may be treated upon the same lines as those described in Chapter V. in connection with bars—that is to say, all goods put on board should be charged as near as may be at selling prices, and the attendant held responsible at the monthly stocktaking for the production of those goods, or their money equivalent. In connection with eatables, however, a certain amount of elasticity must of necessity be permitted: to effectively control these, and to provide an adequate check upon the cook, a Daily Cost Sheet should be prepared in a form similar to that shown on p. 59. If it should be thought that these requirements are unduly elaborate in connection with undertakings so relatively small, it should be borne in mind that, in connection with hotel accounting, no

matters of detail are so small as to represent negligible quantities, and, further, that the staff employed for the purposes under consideration of necessity have many hours during the day in which they are, comparatively speaking, unemployed, and these hours may just as well be utilised in the preparation of proper returns that will serve some useful purpose. None of the forms described in the course of this work are so complicated as to prove unworkable in the hands of an employee of ordinary intelligence.

In conclusion, it is suggested that while, for the sake of efficient control, it is no doubt necessary that a certain amount of the accounting in connection with the Hotel Department should be conducted through the Accountant's Office, it is desirable that, so far as is not inconsistent with that important object, the whole of the accounting necessary to show the result of the working of this department should be conducted at the office of the general hotel manager, as it is only by this means that he can be supplied from hour to hour with that information which is absolutely essential to enable him to properly discharge his duties. And it is, moreover, only by having recourse to this system that he can reasonably be expected to accept responsibility for the accuracy of those accounts, as recording the actual facts with which, of course, it is his duty to make himself conversant.

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